

Submit 1 Copy To Appropriate District Office  
District I - (575) 393-6161  
1625 N. French Dr., Hobbs, NM 88240  
District II - (575) 748-1283  
811 S. First St., Artesia, NM 88210  
District III - (505) 334-6178  
1000 Rio Brazos Rd., Aztec, NM 87410  
District IV - (505) 476-3460  
1220 S. St. Francis Dr., Santa Fe, NM 87505

State of New Mexico  
Energy, Minerals and Natural Resources

Form C-103  
Revised July 18, 2013

OIL CONSERVATION DIVISION  
1220 South St. Francis Dr.  
Santa Fe, NM 87505

WELL API NO. 30-043-21183
5. Indicate Type of Lease STATE <input checked="" type="checkbox"/> FEE <input type="checkbox"/>
6. State Oil & Gas Lease No. LG-3925
7. Lease Name or Unit Agreement Name
8. Well Number Lybrook H36A-2307 01H
9. OGRID Number 282327
10. Pool name or Wildcat Lybrook Gallup

<b>SUNDRY NOTICES AND REPORTS ON WELLS</b> (DO NOT USE THIS FORM FOR PROPOSALS TO DRILL OR TO DEEPEN OR PLUG BACK TO A DIFFERENT RESERVOIR. USE "APPLICATION FOR PERMIT" (FORM C-101) FOR SUCH PROPOSALS.)	
1. Type of Well: Oil Well <input checked="" type="checkbox"/> Gas Well <input type="checkbox"/> Other <input type="checkbox"/>	
2. Name of Operator Encana Oil & Gas (USA) Inc.	
3. Address of Operator 370 17 <sup>th</sup> Street, Suite 1700 Denver, CO 80202	
4. Well Location SHL: Unit Letter H: 1598 feet from the NORTH line and 436 feet from the EAST line BHL: Unit Letter D: 400 feet from the NORTH line and 330 feet from the WEST line Section 36 Township 23N Range 7W NMPM Sandoval County	
11. Elevation (Show whether DR, RKB, RT, GR, etc.) 7263' GR	

12. Check Appropriate Box to Indicate Nature of Notice, Report or Other Data

NOTICE OF INTENTION TO:		SUBSEQUENT REPORT OF:	
PERFORM REMEDIAL WORK <input type="checkbox"/>	PLUG AND ABANDON <input type="checkbox"/>	REMEDIAL WORK <input type="checkbox"/>	ALTERING CASING <input type="checkbox"/>
TEMPORARILY ABANDON <input type="checkbox"/>	CHANGE PLANS <input type="checkbox"/>	COMMENCE DRILLING OPNS. <input type="checkbox"/>	P AND A <input type="checkbox"/>
PULL OR ALTER CASING <input type="checkbox"/>	MULTIPLE COMPL <input type="checkbox"/>	CASING/CEMENT JOB <input type="checkbox"/>	
DOWNHOLE COMMINGLE <input type="checkbox"/>		OTHER: Installation of Gas Lift <input checked="" type="checkbox"/>	
CLOSED-LOOP SYSTEM <input type="checkbox"/>			
OTHER: <input type="checkbox"/>			

13. Describe proposed or completed operations. (Clearly state all pertinent details, and give pertinent dates, including estimated date of starting any proposed work). SEE RULE 19.15.7.14 NMAC. For Multiple Completions: Attach wellbore diagram of proposed completion or recompletion.

Encana Oil & Gas (USA) Inc. is requesting authorization to install gas lift at the Lybrook H36A-2307 01H well. Attached is a schematic of the pad with gas lift and the gas allocation procedure.

RCVD SEP 11 '14  
OIL CONS. DIV.  
DIST. 3

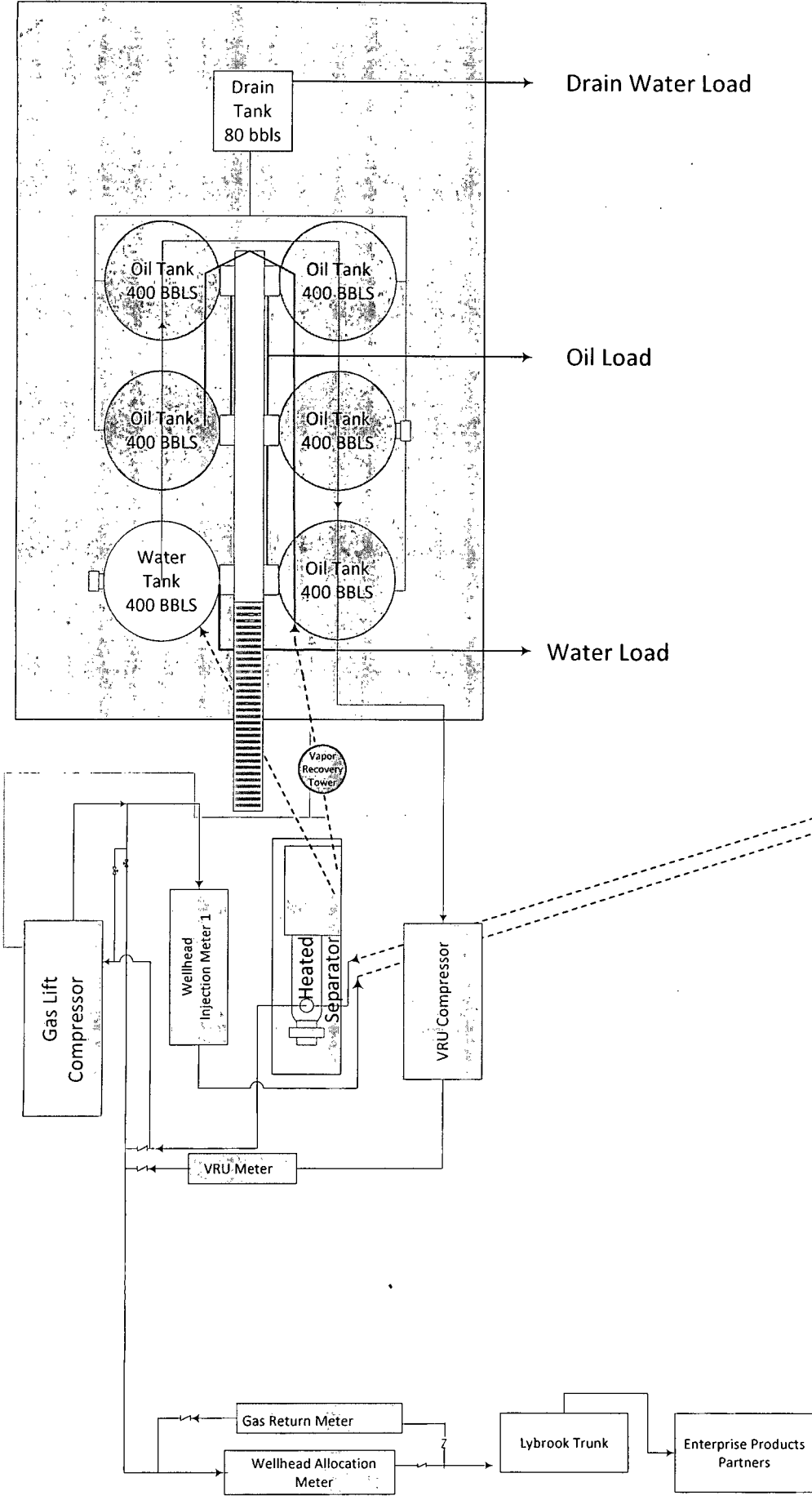
I hereby certify that the information above is true and complete to the best of my knowledge and belief.

SIGNATURE Cristi Bauer TITLE Engineering Tech DATE 9/9/14

Type or print name Cristi Bauer E-mail address: cristi.bauer@encana.com PHONE: 720-876-5867

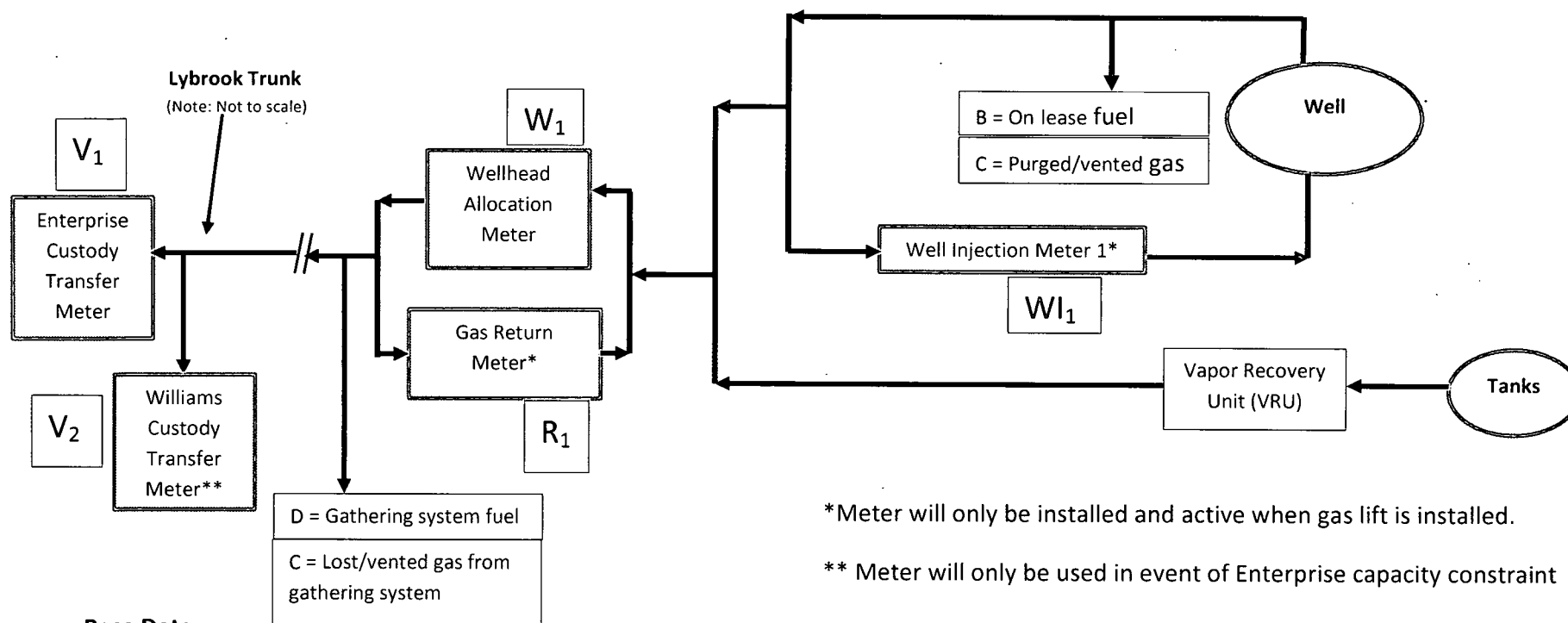
For State Use Only

APPROVED BY: [Signature] TITLE DEPUTY OIL & GAS INSPECTOR, DIST. 3 DATE 10/7/14  
Conditions of Approval (if any):



NOT TO SCALE

## Gas Measurement Allocation Procedure for Single Well Pads



### Base Data:

- $V_1$  = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Enterprise)
- $V_2$  = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Williams)\*\*
- $R$  = Gas Volume (MCF) from Gas Return Meter (Encana)\*
- $W_1$  = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)
- $WI_1$  = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)\*
- $Y_1$  = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Enterprise)
- $Y_2$  = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Williams)\*\*

Attachment No. 5  
Encana Oil & Gas (USA) Inc.  
Lybrook Trunk Line #1, Gathering System  
San Juan County, New Mexico  
Amendment Dated May 15, 2014

Z = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

Allocation Period is typically a calendar month and will be the same for all individual wells.

**Individual Well Gas Production** = A + B + C + D + E

A = Allocated Gas production off lease, MCF:  $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]*(V_1+V_2)$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions. This includes, but is not limited to, compression, vapor recovery unit (VRU) compression, burners, and pump jacks.

C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

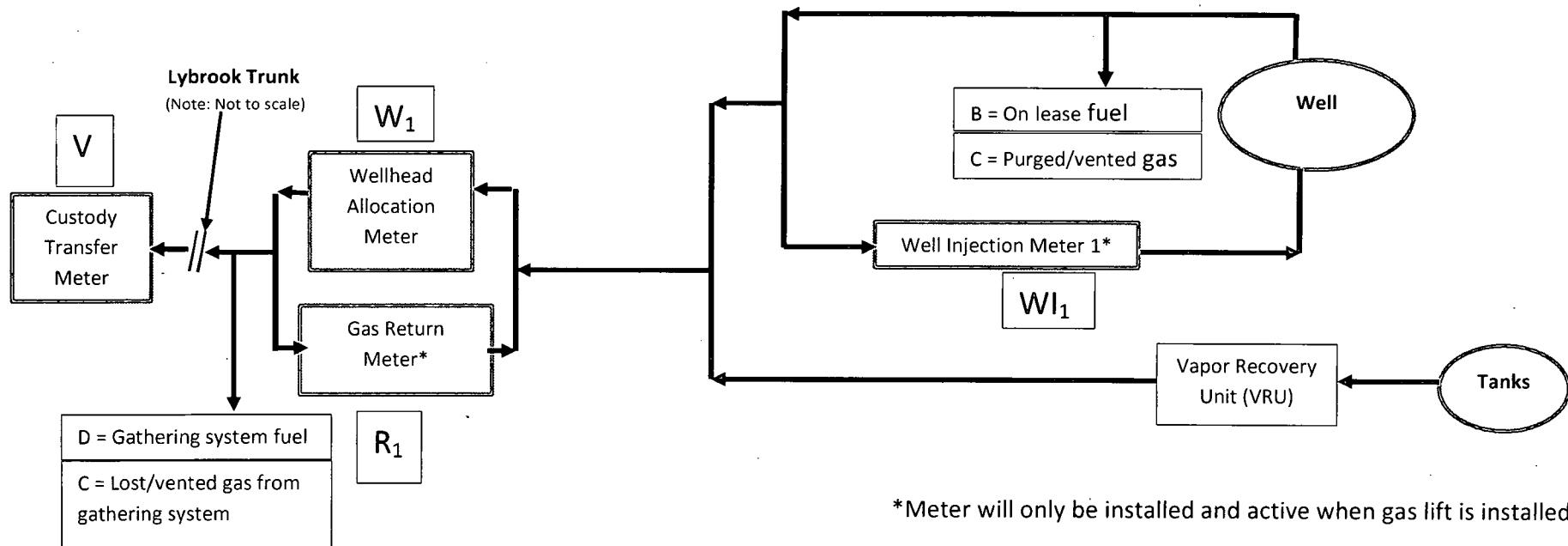
D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by  $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$ .

E = Allocated volume of gas lost and/or vented from the gathering system, gathering system equipment, condensate collection, and water collection in MCF. The total volume will be determined using industry accepted procedures the time of the loss. The total volumes lost and/or vented will be allocated to the individual wells affected using factors determined  $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$ .

**Individual Well BTU's** =  $[\{(W_n-W_{In}) * Z_n\} / \{SUM((W_n-W_{In}) * Z_n)\}] * (V_1 * Y_1 + V_2 * Y_2) * 1000]$

Individual well gas heating values to be determined in accordance with BLM regulations.

## Gas Measurement Allocation Procedure for Single Well Pads



### Base Data:

$V$  = Gas Volume (MCF) from Custody Transfer Meter during allocation period (Enterprise)  
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 $W_1$  = Gas Volume (MCF) from Wellhead Allocation Meter at individual wells during allocation period. (Encana)  
 $WI_1$  = Gas Volume (MCF) from Well Injection Meter at individual wells during allocation period. (Encana)\*  
 $Y$  = Heating Value (BTU/scf) from Custody Transfer Meter during allocation period. (Enterprise)  
 $Z$  = Heating Value (BTU/scf) from individual Wellhead Allocation Meter and Well Injection Meter. (Encana)

Allocation Period is typically a calendar month and will be the same for all individual wells.

**Individual Well Gas Production** = A + B + C + D + E

A = Allocated Gas production off lease, MCF:  $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]*(V)$

B = On lease fuel usage, MCF. Determined from equipment specification and operating conditions. This includes, but is not limited to, compression, vapor recovery unit (VRU) compression, burners, and pump jacks.

C = Lost and/or vented gas from well and/or lease equipment, MCF. Calculated using equipment and piping specifications and operating pressures.

D = Allocated fuel from gathering system equipment, MCF. The total fuel required to operate gathering system equipment will be allocated to the individual wells benefiting from the equipment using allocation factors determined by  $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$ .

E = Allocated volume of gas lost and/or vented from the gathering system, gathering system equipment, condensate collection, and water collection in MCF. The total volume will be determined using industry accepted procedures the time of the loss. The total volumes lost and/or vented will be allocated to the individual wells affected using factors determined  $[(W_1-R_1)/((W_1-R_1)+(W_2-R_2)+(W_n-R_n))]$ .

**Individual Well BTU's** =  $[[{(W_n-W_{In})*Z_n}]/\{SUM((W_n-W_{In})*Z_n)\}*(V*Y)*1000]$

Individual well gas heating values to be determined in accordance with BLM regulations.